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ABSTRACT

This document contains four papers from a symposium on the human resource development (HRD) function in organizations. In "Comparing Quality Profiles of Training Organizations--A Multi-Level Approach" (Martin Mulder), analysis of over 1,300 training projects indicates that variation in quality is almost entirely explained by the projects, not the training organizations. The proposed "HRD Service-Management Model" (Shirine L. Mafi, Ronald L. Jacobs) identifies potential gaps within HRD functions and during interactions with customer functions. "A Phenomenological Study of the Strengths, Weaknesses, Limitations, and Future Trends of Training and Performance Technology" (Darlene Van Tiem) gathers opinions of key leaders for the purpose of validating curriculum or making changes in a performance technology master's degree program. A survey of 92 large companies reported in "Outsourcing Training: Implications for Internal Human Resource Functions" (Lilanthi Ravishankar) found that those that outsourced some of their training functions were satisfied with the results. (KC)

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24 HRD Function in Organizations

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Comparing Quality Profiles of Training Organizations - A Muli-Level Approach
Martin Mulder, University of Twente, Enschede, The Netherlands

HRD Service-Management Model
Shirine L. Mafi, Ohio State University
Ronald L. Jacobs, Ohio State University

A Phenomenological Study of the Strengths, Weaknesses, Limitations, and Future Trends of Training and Performance Technology
Darlene Van Tiem, University of Michigan-Dearborn

Outsourcing Training: Implications for Internal Human Resource Functions
Lilanthi Ravishankar, AchieveGlobal

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Comparing Quality Profiles of Training Organizations - A Multi-Level Approach

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Many training programs are purchased from training vendors. Client organizations compare the quality of the suppliers of these training programs. Comparing quality profiles of training organizations, however, should be done carefully. This study shows that ranking training organizations is depending on the statistical analysis used. A multi-level analysis of the data of over 1,300 training projects of 27 training vendors shows different results than a one-way Anova analysis. Variation in quality measures can almost completely be explained by the training projects, and not by the training organizations. The conclusion is that multi-level analysis should be employed for analyzing the quality of training organizations.

Problem statement and theoretical framework

Many organizations have concentrated on their core business during the last decade. This trend has been described and analyzed profoundly by Hamel & Prahalad (1994, 79), who contended that companies in the nineties will '... be judged on their ability to identify, and to exploit the core competencies that make growth possible - indeed, they'll have to rethink the concept of the corporation itself.' Organizations compete more and more based on their competence (Prahalad & Hamel, 1990; Hamel & Heene, 1994). Competence is becoming a valuable economic factor that determines an important part of the performance of organizations. Stewart (1997) even speaks about the intellectual capital of the organizations. Competence, and especially intelligence, is needed most in organizations with knowledge intensive production and services processes, like in banking and software engineering (Quinn, 1992). These organizations can be referred to as knowledge intensive organizations (Weggeman, 1997). The life cycle of knowledge in these organizations is decreasing fast.

Constant need for learning

This creates a constant need for learning. Senge (1990) and Argyris (1995) have shown that learning is strongly influenced by the way work processes are organized and by the learning culture. Within the concept of the learning organization, there is also a need for competence development, or knowledge development as Nonaka & Takeuchi in their influential publication of 1995 refer to it, by training. Certain communication and management skills, marketing and sales skills, and technological knowledge, can be trained efficiently by tested training programs. These programs are provided by literally thousands of local, regional, national and international training vendors. When concentrating on their core competence, many organizations have outsourced all kinds of support services, including training programs. They reorganized the training function and replaced training staff on a large scale. Some even closed their training department. Line management had to take the responsibility for employee development, a task that belongs to management, but that is not performed appropriately in many companies, as management has other priorities, and is not hold accountable for this task.

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Purchasing training services

As a consequence of this trend, organizations purchase more training programs than before, by which they are depending more and more on external training vendors. Purchasing training programs is a role that can be performed by different professionals (Nijhof, Mulder & Van Weele, 1995). Traditionally, this role was belonging to the training staff. But as this staff is reduced, replaced or outplaced to a large extent, the role of purchasing training programs is taken over by other professionals nowadays, such as internal HRD consultants. Or line managers, especially when they use their own budget to pay for the training program. Or professional purchasers, who are buying training programs and other services in combination with any other goods (like raw materials in the chemical industry or goods in the retail business). Critical HRD professionals state that these professional purchasers are over-estimating the price factor, because they have no expertise in the HRD profession, and their target is to maximize business results by reducing costs (just as the target of marketeers is to maximize business results by increasing sales) (Mulder & Bellemakers, 1997). A new phenomenon in the purchasing market is the training broker. This is either an individual who, or an organization that serves as a liaison between demand and supply in the training market.

In all cases, purchasers need to be able to select the appropriate training programs. The same holds for organizations that want to reduce the long list of training vendors with whom they are doing business. Lists of suppliers of some of these organizations have become so long, that it is practically impossible to manage them efficiently. One large industrial company, for instance, can have a long list of over 1,000 training suppliers, a list that needs to be cut down to a couple of hundreds (Mulder, 1996).

The problem of many organizations in this situation is how to get valid and reliable information about the quality of the training organizations. Many organizations have been using evaluations by the participants in training projects, but many organizations are getting aware of the limitations of that approach. They are increasingly focusing on the impact of training projects on the performance of individuals, teams and business units.

Quality management and independent evaluation of training projects

Training vendors have been anticipating this situation, and started quality programs and marketing campaigns in which they promised results and benefits of their training programs. Training vendors started to want to have the ISO certificate, others went on with internal quality improvement with still other quality management systems. In a while these certificates and quality management systems will not serve as unique selling points, because all training organizations will have got them or work with them. Furthermore, the purchasing field is professionalizing, so organizations will know (or have experienced) that training organizations may have got an ISO certificate, but still provide bad service: training without impact.

The marketing tool for training vendors that is most trustworthy at the moment, is the independent training project evaluation. This strategy has been adopted by a group of about 40 training organizations since the beginning of the nineties in the Netherlands. Large organizations can adopt this strategy to build their internal vendor rating system. The essence of this evaluation approach is that a random sample of training projects that are provided by a training organization is drawn, and that the quality of these projects is measured by an independent research organization. The results can be used to compare training vendors as to the value added to the organizations.

The model of independent training project evaluation developed for this group of training organizations will not be elaborated here, as it has already been described in various other papers before (see for instance Mulder & Van Ginkel, 1995; Mulder, 1996). What is needed here, to understand the essence of the model, is that customer satisfaction and impact are measured by administering a standardized questionnaire to a random sample of training project managers in client organizations.

Vendor rating; ranking performance of training organizations

Based on the data, training organizations can be compared. In earlier research, the total satisfaction indicator (TSI) was used for that. Training organizations were ranked on this indicator, although it did not discriminate well. This was caused by the homogeneity of the data (Mean = 7.77; Sd = 1.12; N = 2623; range of training organizations means: 7.15 - 8.38).

The ranking positions of the training organizations varied considerably over time.

It appeared, however, that the results of the training projects were less positive than total satisfaction scores. The data on the results of the training projects were distinguished in three levels: learning results, changed job performance, and achieved organizational change. To measure the amount of pre-defined objectives that were achieved at these levels, a 5-point question was asked for each result category. The results of this procedure are depicted in Table 1

Table 1 Means for the amount of which learning results (LR) are attained, work behavior (WB) is changed, and organizational change (OC) has occurred (N=number of evaluated projects; Sd=Standard Deviation) (range of scale: 1=minimum; 5=maximum)

	LR	*WB*	*OC*
Mean	3.77	3.29	3.06
N	2078	1699	1088
Sd	.84	.92	1.08

Compared with the TSI-data, that were measured on a 10-pointscale, the results (if converted to a 10-pointscale) are 7.6, 6.6 and 6.2, which is considerably less than the total satisfaction means.

To obtain a more valid indicator of the quality of the training projects, all quality indicators were aggregated in the so-called Aggregated Impact Indicator (AII). The following components are included in that indicator (between brackets the weights of the factors are given):

- total satisfaction (15);
- the corrected effect score, based on the amount of targets that are reached (targets are systematically differentiated in those that are aimed at acquiring new knowledge and skills, changing job performance, and contributing to organizational change), the importance of the targets, the responsibility of the training organization for reaching those targets, and the attribution of the results to the training organization (40);
- the realization of expectations (15);
- making agreements about the delivery conditions (10);
- delivery reliability (10);
- the satisfaction about the implementation of the project according to the delivery conditions (10).

The descriptive data of the AII are: mean = 65.8; N = 1756; Sd = 13.5. The range of training organization means is 56.0 - 73.8.

The corrected mean

The quality of HRD processes in client organizations varies considerably. Organizations have difficulties in aligning processes at different system levels, and linking HRD processes to corporate strategy building and human resource management (Wognum & Mulder, 1997). Furthermore, in many customized training projects, client organizations and suppliers are co-makers. Both have their role in achieving results of the training projects. Given these facts, it would be unfair to attribute results of training projects to training organizations, without taking the responsibility of the client organizations in achieving the results of these training projects into

account. Therefore, the second component of the AII is corrected for the variation in responsibility of client organizations for achieving results of the training projects.

Using the AII in the way it has been done until now, however, neglects the fact that it is tried to infer the quality of training organizations based on training projects. This is a typical case of a multi-level problem. Using multi-level models and analysis techniques have become common place in inferring quality of educational institutions based on student outcomes. Without using those techniques, a systematic error is included in the methodology.

Research questions

The first research question is: are the ranking orders of training organizations statistically meaningful?

The second research question is: to what correction does a multi-level analysis technique lead in the ranking of training organization when their quality is inferred using evaluation data of training projects?

When this correction is known, researchers can account for this in future quality comparisons of training organizations.

Methodology

The population of this study consists of the customized training projects delivered by a group of about forty training companies in the Netherlands. The research units consist of individual training programs. The sample is randomly drawn from the population (about 15,000 projects), and is about 30% of the population. The participation in the study is about 60% (of the sample), resulting in 2,624 evaluated projects. The evaluation is accomplished in five phases, beginning in 1993. In each phase, projects were evaluated that were completed in a given half year. The half years are the following: 93-2, 94-1, 94-2, 95-2, and 96-2. The data are scrutinized for sampling bias by conducting non-response research during the first phase. Furthermore, the reliability of the data is studied by inter-rater and test-retest reliability analyses during the same time. These analyses showed that the differences were so small that they could be neglected (Mulder, Van Ginkel & Nijhof, 1994). The research instrument is validated and standardized in a pilot project in 1993, and presented in earlier papers. The systems model that serves as the conceptual framework for the instrument is tested for fit by a Lisrel-analysis (Mulder, 1996). The conclusion of this analysis is, that the model fits, except for projects that are aimed at supporting organizational change. Those projects have a long term effectiveness cycle in most instances, and their success relies more on the effort of the client organization that of the training organization.

For this paper a selection is made of the available data. Because the research instrument for the 94-1 measurement period was changed for some variables, the data of 93-2 were excluded from the analysis. Furthermore, the cases with partial non-response on TSI and AII were deleted. Finally, the training organizations that left the association and those that became member after the first or later measurement period were excluded from the analysis. Data of 27 training organizations and 1348 projects were left.

Analyses of variance are performed for TSI and AII with the training organization being the independent variable. The same is done for the project results (learning results, job performance and organizational change). This is done to present preliminary conclusions on the ranking of training organizations.

Next, the multi-level analysis of the data is conducted. The basic expression for multi-level analysis is used. This expression is:

$Y_{ij} = Y_{\infty} + U_{0j} + e_{ij}$

Y_{ij} = score of respondent i on project j;

Y_{∞} = general mean of all respondents on all projects;

U_{0j} = mean score of training organization j;
e_{ij} = error component of respondent i per project j.

This means that the individual score of a respondent on a project is a function of the total mean score of all respondents on all projects, the mean score of different respondents for the respective training organization, and an individual error component. Furthermore, the group of training organizations in the study, is seen as a random sample from the population of training organizations.

Table 2 Results of one-way ANOVA analyses with TSI (Total Satisfaction Indicator), AII (Aggregated Impact Indicator), Learning Results, Job Performance and Organizational Change as dependent variables, and training organization (n = 27) as categorizing variable.

	Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
TSI					
Between Groups	4.536	26	1.328	1.038	.412
Within Groups	1690.796	1321	1.280		
Total	1725.332	1347			
AII					
Between Groups	8661.961	26	333.152	1.908	.004
Within Groups	230616.360	1321	174.577		
Total	239278.320	1347			
Learning Results					
Between Groups	33.916	26	1.304	1.926	.004
Within Groups	822.748	1215	.677		
Total	856.663	1241			
Job Performance					
Between Groups	29.852	26	1.148	1.409	.085
Within Groups	807.653	991	.815		
Total	837.505	1017			
Organizational Change					
Between Groups	28.429	26	1.093	.908	.598
Within Groups	712.880	592	1.204		
Total	741.309	618			

Results

The results of the analyses of variance (one-way Anova) are presented in Table 2.

The preliminary conclusion is a confirmation of what was expected: TSI is no discriminating factor. Earlier rankings of training organizations on this variable are statistically meaningless.

On the other hand, AII shows significant differences between training organizations. Based on this analysis, the preliminary conclusion would be that the ranking of training organizations based on AII would indeed be meaningful.
The multi-level analysis results are depicted in Table 3.

Table 3 Multi-level analysis results for TSI (Total Satisfaction Indicator) and AII (Aggregated Impact Indicator); level 1 = Training Project; level 2 = Training Organization (Note: this is a random effects model; the intercept is estimated)

	Estimate	*S.Error (U)*	*z*	*q*
TSI				
Intercept	7.838	.03087		
Level:				
2 Training Organization	0.0	0.0	0.0	.50
1 Training Project	1.233	.04849	25.43	<.01
AII				
Intercept	66.18	.4887		
Level:				
2 Training Organization	2.689	1.737	1.548	<.06
1 Training Project	174	6.91	25.18	<.01
Learning Results				
Intercept	3.823	.0334		
2 Training Organization	.0142	.008135	1.78	<.05
1 Training Project	.6767	.02796	24	<.01
Job Performance				
Intercept	3.365	.03925		
Level:				
2 Training Organization	0.0	0.0	0.0	.50
1 Training Project	.08011	.04968	16.13	<.01
Organizational Change				
Intercept	3.096	.04945		
Level:				
2 Training Organization	.003313	.01754	.19	.39
1 Training Project	1.201	.07633	15.73	<.01

The results of the multi-level analyses can be viewed in two ways. First of all, for the TSI, the variance is largely explained by the Training Projects, which is significant at the .01 level. But no variance in TSI is explained by Training Organizations. This means that all variance in the data on TSI is explained by differences in Training Projects. This is consistent with the earlier one-way Anova analysis for TSI. For the AII, the variance is explained by Training Project and Training Organizations both, although the level of the Training Organization is significant at the .10 level.

Secondly, we can look at the amount of variance explained by by both Training Projects and Training Organizations. For TSI we see that 100% of the variance is explained by Training Projects. For AII 98% of the variance is explained by the Training Projects. This puts the results in a totally different perspective. For the one-way Anova-analysis results for AII showed significant differences for training organizations.

Conclusions

The first research question was: are the ranking orders of training organizations statistically meaningful? Based on this study, the answer is: it depends ... There are considerable differences between one-way-Anova analysis, and the multi-level analysis results. Based on the multi-level analysis, the answer on the first research question is, that ranking of training organizations based on the TSI and AII is not meaningful enough. The amount variance of both variables that is explained by training organizations is 0% for TSI and 2% for AII.

The second research question was: to what correction does a multi-level analysis technique lead in the ranking of training organization, when their quality is inferred using evaluation data of training projects? The answer to this question is, that these data do not allow ranking of training organizations based on TSI or AII.

Do these conclusions affect the feedback in the benchmark reports that was given earlier to the training organizations? Yes and no. It means that training organizations will pay less attention to rankings that were presented earlier. No, because many training organizations already observed the minimal differences between the organization means. These minimal differences made the ranking very vulnerable for minor changes in means. Ranking differences for TSI were also already attributed to regression to the mean (which is a plausible reason, because of the ceiling effect of the data on TSI).

The results are a stimulus to analyze the characteristics of the training projects further, to see what aspects of the training projects are responsible for the variation in AII.

Apart from that, it is necessary to further analyze the components of AII with a factor analysis.

So this study shows that the value of quality ranking is contingent upon the statistical analysis procedure used. Earlier differences between the TSI and AII rankings already indicated this. In this study, using the multi-level analysis technique lead to different results and interpretations than those of a straightforward one-way Anova analysis. Quality comparisons should account for these differences. Purchasers of training programs need to be aware of the importance of the analysis techniques used, as flawed data may lead to wrong decisions.

As many studies infer quality of organizations from the project level, this means that if they do so, they will all need to employ multi-level analysis techniques. That will be a challenge for many researchers in the field of HRD.

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HRD Service-Management Model

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This paper proposes a model to help conceptualize the relationship between the HRD function and other organizational functions, which receive the services of the HRD function. The model is adapted from the Gap Model, which is well-recognized in the marketing and service-quality literature. The proposed model seeks to identify potential disconnects which may occur within the HRD function and during interactions with customer functions. Such information has important implications for HRD research and practice.

The management of human resource development (HRD) functions has received limited attention by HRD researchers. Nevertheless, the importance of HRD management cannot be overemphasized, given the increased role of HRD in most organizations. Simply put, managing the HRD function has much to do with the ultimate effectiveness of whatever HRD programs are implemented by that function. In general, the literature on managing the HRD function has been characterized by two major perspectives.

First, the literature on the topic has sought to address the professional competencies of the HRD manager role. Underlying this research has been the assumption that HRD effectiveness in organizations is determined, to a large extent, by the competence of the professionals involved (Hale, 1991; McLagan, 1989). Thus, HRD effectiveness is based on the notion of personal competence. Second, the literature on the topic has sought to position the HRD function in a way which makes it potentially compete with other functions in organizations, suggesting that HRD function ought to be presented in the most attractive way possible (Gilley & Eggland, 1992). Thus, HRD perception of effectiveness is based primarily on a marketing model.

Although the present literature on this topic has contributed much to the field, the information has not addressed some of the more fundamental issues related to HRD management, nor has the literature been able to respond to emerging challenges related to accountability in organizations. For instance, the literature does not address how to understand the relationship between HRD and other organizational functions which receive HRD function's services. Part of the reason is that most of the present literature is, essentially, atheoretical in nature. That is, the literature views HRD management as an organizational phenomenon, which often needs to be experienced firsthand before it can be fully understood to any extent. Clearly, the risk in this approach is that individual experiences may differ, and whatever knowledge is gained by individuals cannot be generalized across organizational situations.

If HRD effectiveness is linked to managing the HRD function, and if the literature on HRD management lacks a theoretical base, which may inhibit addressing critical issues such as HRD's relationships with other organizational functions, then new models are required to move understanding of this aspect of the HRD literature forward. This paper proposes a model for managing the HRD function within the same framework regardless of the type of HRD service. Specifically, the model presented here is an adaptation of a model in the service-quality literature (Parasuraman, Zeithaml, & Berry, 1985).

Conceptual Background

Quality of products has long been the subject of research and practical interest in organizations. In contrast, the quality of services is a relatively new area of scholarly and practical discussion. As a result, several authors have developed models specifically related to service quality. Perhaps

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some of the most influential works have been by researchers from the marketing field, such as Parasuraman, Zeithaml, and Berry (1985;1988; 1991), Parasuraman and Berry (1990). Their work has resulted in what is known as the "Gap Model," which represents five major potential discrepancies that may occur during any service-delivery process. In various ways, these gaps can inhibit the perceptions of customers about those providing the service.

The Gap Model originates from the disconfirmation paradigm which suggests that the service supplier as well as the service recipients need to have consistent expectations and evaluations for a successful service exchange to occur (Swartz & Brown, 1989). By understanding the perceptions of each party, areas for potential congruence can be identified. Strategies to eliminate these inconsistencies can them be developed and implemented, thus increasing the likelihood of customer satisfaction with the HRD outcome and improving the organization's overall performance. Generally speaking, satisfaction occurs when outcome meets or exceeds the consumers' expectations. Similarly, dissatisfaction occurs when a negative discrepancy develops between the customer's anticipated outcome and actual outcome.

There has been some interest in the HRD literature about the service role of the HRD function. Grimm (1990) states that traditional HRD functions are often too narrow in scope and recommends instead that they take on a more proactive service orientation, within the context of the needs of the organization. HRD programs should be based on the principle of internal customer satisfaction. Studies have shown that satisfied internal customers are a critical prerequisite to the satisfaction of external customers and the overall success of organizations (Berry & Parasuraman, 1991; Gronroos, 1985; Heskett, 1987, Schlesinger & Heskett, 1991).

Furthermore, in most organizations HRD initiatives have not succeeded in addressing proper causes of performance deficiency since most were undertaken without a solid understanding of a holistic view of the organization. In many failed change initiatives, internal and external consultants were implementing the latest turnaround fads. Subsequently, they caused major social, human and financial costs. A well-planned and executed HRD service management model ensures the integration of HRD process with all the other stakeholders.

If a performance discrepancy at the individual, process or the organizational level is perceived as a problem in need of an HRD intervention, then an HRD service process must be planned, developed, delivered and evaluated. If the intervention is at the individual level (for example, structured on- the-job training), then the individual employee is the HRD service recipient. However, the impact of HRD service should be assessed at the performer level as well as the process level. If the HRD intervention is at the process level, then some or all the process participants are the recipients of the HRD service (i.e., customer service process). The evaluation at this level should include not only the impact on other processes interfacing with this process, but also the HRD service impact should be assessed at the organizational level as well. If the HRD intervention has to be executed at the organizational level (for example, organizational development), then the entire organization is the recipient of the HRD service. The evaluation in this level may include the external customer, as well as the community or the industry in which the organization functions.

In the same way, the Gap Model focuses on customer satisfaction resulting from service delivery, but the emphasis is on external customers outside of the organization. Of necessity, adapting the Gap Model to HRD management requires it to focus on the satisfaction of internal customers.

The HRD Service-Management Model

Figure 1 presents the proposed HRD Service-Management, which has been adapted from the Gap Model. The figure shows that there are boundaries between HRD function and other functions in the organization. The figure also demonstrates that there are potential gaps on the HRD side as well as the HRD receiver's side.

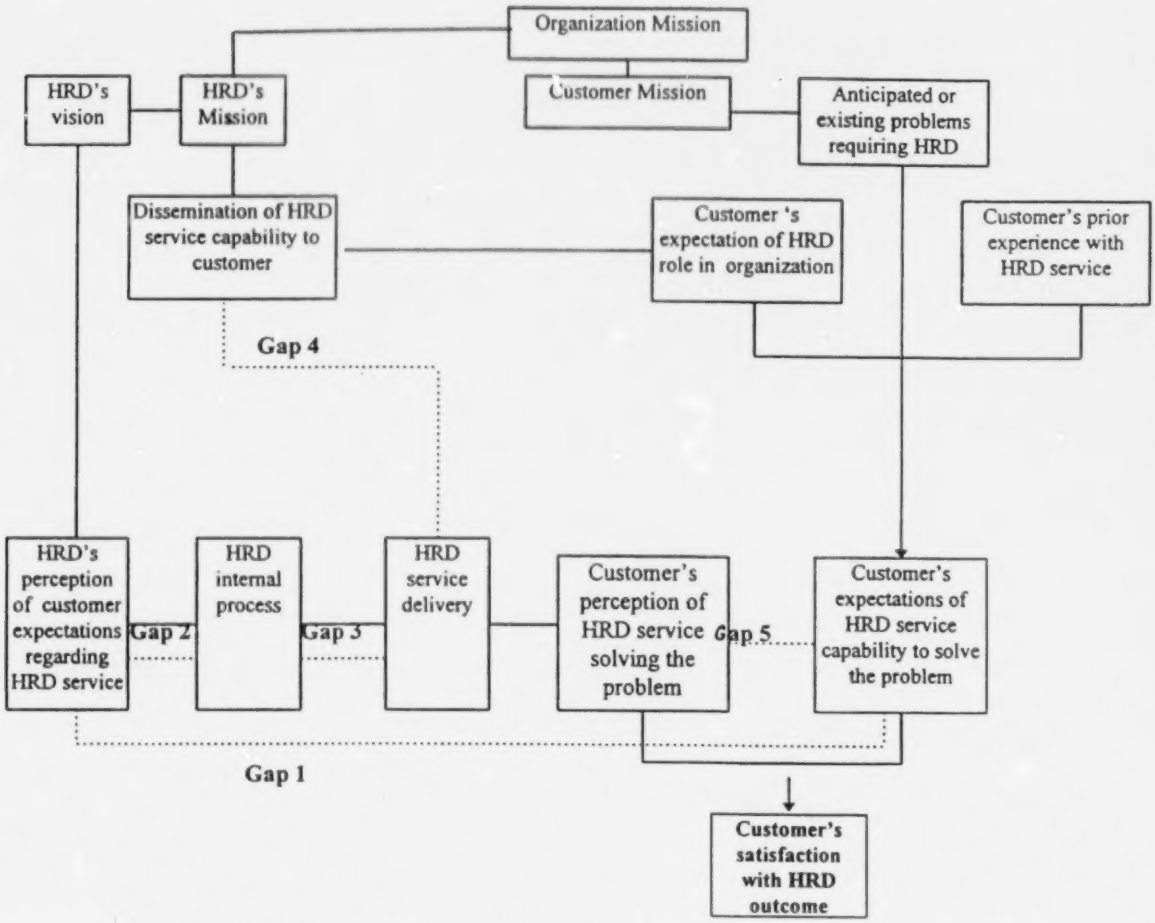
Organization Mission
HRD's vision
HRD's Mission
Customer Mission
Anticipated or existing problems requiring HRD
Dissemination of HRD service capability to customer
Customer 's expectation of HRD role in organization
Customer's prior experience with HRD service
Gap 4
HRD's perception of customer expectations regarding HRD service
Gap 2
HRD internal process
Gap 3
HRD service delivery
Customer's perception of HRD service solving the problem
Gap 5
Customer's expectations of HRD service capability to solve the problem
Gap 1
Customer's satisfaction with HRD outcome

Figure 1- The HRD Service-Management model

The HRD service-management model starts out with the organizations' mission that transcends into different functions' mission. The objectives mandated by the mission statement can then be used to establish performance requirements for each function at the three levels of performance: organization, process, and job/performer (Rummler & Brache, 1995). Although the

HRD process parameters (i.e., methodology, structure and outcome) are different from case to case, the HRD service-management model allows their management within a common framework.

The customers of the HRD function have certain performance outcomes that need to be achieved in support of the organization mission. Prior experience with HRD services, internal customer perception of HRD's role in the organization, and a perceived performance gap impact customer's expectations of HRD's ability to help. On the other hand, HRD, as an internal service provider, has certain perceptions of its customer's expectations. These perceptions are based on HRD's vision, or how it sees itself in regards to the organization, and its ability to effectively gather pertinent information. This perception, in turn, sets the framework for the HRD internal process. If this perception is very different from the customers' expectations, which is shown in Gap 1, then the HRD outcome regardless of staff competence, appropriate marketing and excellent delivery will not result in the desired performance improvement. Similarly, Gap 2 is the discrepancy between HRD management and staff perceptions of what features constitute a target level of HRD service quality and the task of translating these perceptions into workable programs. If this discrepancy is large, then the service process will fall short of its objective. The existence of Gap 3 demonstrates the discrepancy between HRD process specifications and how well those specifications were implemented. Again, a wide gap here is a detriment to HRD function's delivery.

One part of HRD's responsibilities is the dissemination of information regarding its capability and credibility to the rest of the organization. This information affects customer's expectations as well as their perception of the HRD outcome afterwards. Gap 4 involves the difference between HRD's internal marketing and the actual HRD service delivery. The customer should not be promised a certain type, and level of service if it cannot be achieved. Here is where a holistic service management approach is far superior to the traditional way of managing the HRD function. A summary of the gap definitions are provided in Table 1.

Table 1- Gap Definitions in the HRD Service-Management Model

Gap 1: Difference between customer expectations of HRD's capability in solving the performance problem and HRD management's perception of those expectations.
Gap 2: HRD management and staff perceptions of how customers' expectations have been translated to HRD internal processes.
Gap 3: HRD management and staff perceptions of how the decisions on HRD 's internal processes have been operationalized in the HRD service delivery.
Gap 4: HRD management and staff perceptions of how the HRD 's dissemination of its capabilities have been operationalized in the HRD service delivery.
Gap 5: Difference between customer's expectations of HRD's capability to solve the performance problem and his/her perceptions of the service quality afterwards. If the mean difference is negative, it indicates that expectation score exceeded perception score, and therefore the customer is dissatisfied. If the mean difference is positive or zero, it means the customer is satisfied with the HRD outcome.

All HRD services have three important dimensions: analysis, intervention and evaluation. (Torraco, 1995). Analysis dimension includes the assessment of customer's expectations, and their feasibility vis a vis the organizational constraints. The intervention dimension constitutes the implementation phase where the translation and operationalization of customer's expectations into HRD programs or interventions occur. The evaluation phase of HRD is when measures are

set for assessing the HRD outcome vis a vis the desired performance improvement . Specifically, HRD outcomes are assessed to see if they add any value through transfer of learning into improved job performance in the immediate, near- or long-term time frame. It seems that the HRD service-management model by using the gap analyses allows for more clarity and accountability among the three phases of the HRD service. Additionally, HRD outcome at lower level of the organization should not only be assessed in that level, but also be assessed at higher levels as well (McClernon,1995). This truly integrates the systems view with the traditional way of evaluating HRD effectiveness. HRD outcomes need to be further transformed through retention, reinforcement, and other supportive activities (Brinkerhoff, 1992).

Implications for HRD Research

There are at least three implications of the model for HRD research, which presumably will benefit practice. First, clearly there is a need to validate the model. Any confidence in the usefulness of the model must be based on rigorous research. Much of this research should validate the actual existence and the expected consequences of the identified gaps. Such information will more clearly delineate how professional actions might be taken, given various organizational circumstances related the HRD function. Second, further research is needed to understand how factors such as management commitment and involvement in the HRD function serve to shape expectations of customer functions and, thus, satisfaction levels about HRD outcomes. The third implication is the impact of the various intervening variables on the transfer of HRD service outcomes to HRD customer's job. HRD practitioner must understand that HRD responsibilities for outcome must be shared by all stakeholders. While the HRD function customers have the ultimate responsibility for acquiring the knowledge , skills and attitude, and maintaining the motivation to transfer those to every-day operation, these outcomes require a supportive management environment. An ideal organizational climate not only delivers the HRD customer with the appropriate HRD intervention, at the right time, but it also ask for accountability for performance improvement from the manager, co-workers and the entire organization. To have a well-managed HRD process, HRD manager must design HRD internal processes with an eye on outcome while asking for support and involvement from all the key stakeholders.

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A Phenomenological Study of the Strengths, Weaknesses, Limitations, and Future Trends of Training and Performance Technology

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Abstract: This study considered opinions of key leaders in training and performance technology in the S. E. Michigan area. The leaders are associated with the automotive / truck vehicle industry, either as automotive companies, direct or indirect suppliers. The study defined the present and future state of training and performance technology for the purpose of validating curriculum or making changes to the Adult Instruction and Performance Technology masters degree program at University of Michigan - Dearborn.

Practitioners in the Human Resource Development (HRD) field are facing rapid changes due to globalization of the economy and increased use of technology and information (Harman & Porter, 1997; Rhinesmith, 1997). As a result, HRD is broadening its focus from training and skill development to consistently demonstrating improved performance on the job (Rothwell, 1996; Galagan, 1995; Trawick, 1996). In order to increase productivity and remain competitive, senior management is requiring demonstrated positive return-on-investment and obvious organizational benefit from HRD investments (Pizzimenti, 1997; Dick, 1997; Fitz-Enz, 1990; Spencer, 1986). As the world migrates to a knowledge era, HRD practitioners need to lead the transition to continuous learning in a learning organization (Senge, 1990).

Increasingly, organizational leaders are realizing that human competencies are key to maintaining productivity and global competitiveness (Van Tiem & Doyle, 1998). Yet, organizations find it less difficult to secure funds to purchase equipment than finance activities designed to achieve a highly performing workforce (Apking, 1997). Underdeveloped global regions are focusing on technical skills, while the United States is emphasizing leadership competencies necessary to retain world-class status (McLagan, 1997). In line with this new attention to human capital and information issues, the American Society for Training and Development (ASTD) redefined HRD professional skills, knowledges, and attitudes (SKAs) broadly as performance improvement competencies leading to results or outputs (Rothwell, 1996).

It is incumbent upon universities and colleges to evaluate their graduate and undergraduate HRD programs to ensure that graduates are capable of functioning effectively in the changing information and knowledge-oriented workplace environment. Graduates must possess the necessary competencies to assume the broadening human performance improvement roles (Dick, 1997).

Historically, University of Michigan - Dearborn (UM-D) has been closely linked to the local community. UM-D originated to serve the educational needs of the local labor market and remains committed to continuing that tradition. The campus was established in 1956 through a gift from Ford Motor Company, based on studies of manpower supply conducted by Mr. Archie Pearson, director of training for Ford Motor Company in the middle 1950's. He was convinced that serious shortages were looming for qualified, college-trained engineers and junior administrators (University of Michigan - Dearborn, 1996). As a result of this local orientation, it was appropriate to validate the ASTD Models for Human Performance Improvement: Roles, Competencies, and Outputs (1996) and adapt the curriculum, as necessary, for local needs.

In addition, training and development and performance technologist newspaper job advertisements are tracked to monitor job requirements and job descriptions (Lapides, 1997). The most common job advertisement is for computer technical trainers, able to teach and consult on standard computer software. Training job titles are common and performance technology job titles are less frequent, but increasing in occurrence. This suggests a disparity of emphasis between the ASTD Models for Human Performance Improvement: Roles, Competencies, and Outputs (1996) and the S. E. Michigan labor market. For instance, ASTD does not list training as a separate competency, but as an aspect of performance technology interventions. In addition, phone

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inquiries from organizations desiring to hire students as interns or full-time employees are similar to the job classified advertisements, with jobs predominantly for training specialists, training consultants / performance technologists in vendor organizations, or computer trainers. This UM-D research study was designed to further understand the local job market to ensure that graduates from the Adult Instruction and Performance Technology masters program are fully prepared.

The University of Michigan - Dearborn is in the process of evaluating the Adult Instruction and Performance Technology (AIPT) masters degree program, in the School of Education. Initially, a matrix (See Table 1.) was created comparing the 1996 ASTD roles and competencies to existing course objectives. Following review by the AIPT faculty, possible new courses were added to the matrix documenting potential course objectives. The AIPT advisory committee, consisting of training and performance improvement leaders in the S. E. Michigan community, evaluated the current curriculum and also proposed changes.

Research Questions

The University of Michigan - Dearborn funded this qualitative research study to interview key training and performance improvement leaders in the S. E. Michigan area to determine actual workplace needs in the likely labor market for the graduates of the Adult Instruction and Performance Technology masters program. These interviews provided information (1) to validate the proposed direction for the Adult Instruction and Performance Technology masters program, based on the ASTD Models for Human Performance Improvement: Roles, Competencies, and Outputs (Rothwell, 1996) and (2) to make appropriate changes to meet S. E. Michigan job market needs.

This University of Michigan - Dearborn funded research considered the following three questions relative to S. E. Michigan:

1. What are the strengths, weaknesses, limitations, and future trends of training and performance technology?
2. What is the relationship between employer and individual employee's responsibility for training and performance improvement?
3. What learning alternatives are in use and to what degree?

Method

Design This phenomenological research considered current opinions of twenty leaders in the training and performance technology field, through structured telephone interviews by the researcher and research assistant, Maureen Haas. Although time-consuming, interviews seemed to be the best way to gather anecdotal data and supplementary comments. Each interview took between 30 and 60 minutes. Questions were paraphrased while scheduling the interview or sent ahead enabling the interviewee to be familiar with the topics and prepared to respond.

Subjects The twenty interviewees are current well-respected practitioners in the training and human resources community in S. E. Michigan area, or leading professionals in training and performance technology vendor companies that service the S. E. Michigan community. Interviewees are employees in the automotive and truck vehicle industry (such as General Motors and Ford) or their Tier One direct suppliers (such as vehicle components) or indirect suppliers (such as training vendors or financial institutions). These organizations were chosen because S. E. Michigan's economy is dominated by the automotive companies. Vendors were instructed to provide information about their client organizations in S. E. Michigan, especially automotive / truck vehicle-related clients. Vendors were included in the interview sample because so many training and performance technology interventions are outsourced or co-designed, developed, and implemented.

Table 1. Curriculum Matrix	*Multi-Cult*	*Adult Lrnr*	*Research*	*Strat Plan*	*Methods*	*ISD*	*Eval*	*Gaming /Simult*	*Multi Media*	*Distance Lrng*	*Fin &Econ*	*Org Beh*	*Consult*	*Lrng Org*
ASTD CORE COMPETENCIES														
1. Industry Awareness						x					x		x	
2. Leadership Skills	x										x	x		
3. Interpersonal Relationship Skills	x											x		x
5. Problem-Solving Skills				x							x		x	
6. Systems Thinking				x		x					x			x
7. Performance Understanding		x			x	x	x				x		x	x
8. Interventions Knowledge					x	x		x	x	x	x		x	x
9. Business Understanding				x		x					x	x	x	x
10. Organizational Understanding	x			x				x	x	x	x	x		x
11. Negotiating/Contracting Skills						x					x		x	
12. Buy-In/Advocacy Skills				x							x		x	x
13. Coping Skills	x	x									x	x		
15. Consulting Skills				x			x				x	x	x	x
ASTD ROLE 1: Analyst Competencies														
16. Performance Analysis Skills		x	x	x	x						x		x	x
17. Needs Analysis Survey Design and Development Skills				x		x	x				x		x	
18. Competency Identification Skills							x				x		x	x
19. Questioning Skills	x	x	x	x	x	x	x	x				x	x	x
20. Analytical Skills	x	x	x	x	x	x	x	x				x	x	x
21. Work Environment Analytical Skills	x	x		x	x	x	x	x	x	x	x	x	x	x
ASTD ROLE 2: Intervention Specialist Competencies														
22. Performance Information Interpretation Skills	x	x		x	x	x	x	x	x	x	x	x	x	x
23. Intervention Selection Skills	x	x		x	x	x	x	x	x	x	x	x	x	x
24. Performance Change Interpretation Skills	x	x		x	x	x	x	x	x	x	x	x	x	x
25. Ability to Assess Relationships among Interventions		x		x	x	x	x	x	x	x	x	x	x	x
26. Ability to Identify Critical Bus Issues & Changes	x	x		x	x	x	x				x	x	x	x
27. Goal Implementation Skills	x	x	x	x	x	x	x	x	x	x	x	x	x	x
ASTD ROLE 3: Change Manager Competencies														
28. Change Impetus Skills	x	x		x	x	x	x	x	x			x	x	x
29. Comm Channel, Informal Network, & Alliance Und	x			x		x		x	x	x	x	x	x	x
30. Group Dynamics Process Understanding	x							x	x	x		x	x	x
31. Process Consultation Skills	x	x		x	x	x					x	x	x	x
32. Facilitation Skills					x			x					x	x
ASTD ROLE 4: Evaluator Competencies														
33. Performance Gap Evaluation Skills		x	x	x	x	x	x	x	x	x	x			
34. Ability to Evaluate Results against Org Goals	x		x	x			x	x	x	x	x	x	x	x
35. Standard Setting Skills	x	x		x	x	x	x	x			x	x	x	x
36. Ability to Assess Impact on Culture	x	x	x	x	x		x				x		x	x
37. Human Perf Improvement Intervention Reviewing Skills		x	x	x	x		x	x	x	x	x	x	x	x
38. Feedback Skills	x		x		x	x	x					x	x	x

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Data Analysis Interviewee statements were categorized and recorded verbatim or paraphrased as notes into the database. Interview data were summarized into tables in a MS Access software database. The researcher chose this software because AIPT students need to be competent in MS Office software, based on internship exit interviews. In addition, the researcher discussed database and statistical analysis issues with William Rothwell, author of ASTD Models for Human Performance Improvement: Roles, Competencies, and Outputs (1996), prior to software selection, and MS Access was his software recommendation.

Data Reporting Due to the required length of this paper for the 1998 AHRD conference proceedings, leader's opinions are reported in an abbreviated text format. However, complete findings for each category will be reported during the conference presentation.

In this research paper, discussions of strengths, weaknesses, limitations, and future trends for training and performance technology are presented as percentage of interviewee comments. The learning alternatives section describes percentage of interviewee organizations that encourage or offer that alternative to employees. Finally, priority of training topics and training drivers are presented in ascending order of topics or drivers identified by interviewees.

Discussion

Strengths, Weaknesses, Limitations, and Future Trends for Training Key leaders discussed the following issues relative to training. Percentages represent percent of times a particular factor was identified and discussed by the leaders. Because the interview responses were not structured or limited by checklists, the percentages represent importance but do not mean that leaders who did not mention that factor do not necessarily think it unimportant. Merely, that the factors that were discussed are leading in importance for their organization.

Organizational Leaders stated that training is critical to the organization (47%), especially essential to organizational change (20%). Training enables organizations to be globally competitive (7%), to implement improved technology (7%), and enhance intellectual assets (3%). However, results of training are viewed as mixed (3%), due to difficulty demonstrating return-on-investment (3%). Organizations can use training as a hiring and staffing advantage (3%), especially with *Generation X employees.*

Individual For individual employees, training is viewed as essential for positive attitudes (43%) towards continuous improvement and change. UAW workers have funds set aside through employee payroll contribution matched by company moneys, they expect training opportunities and believe training is necessary for job security (11%) and to be a competitive labor force (7%). Individuals need to learn the core skills of the business (7%) in order to reach their career potential (7%) and maintain employability skill levels (4%). Training will be particularly important for older workers (7%), but is expected by *Generation X employees* (4%).

Limitations Leaders reported that learnings often do not transfer well to the worksite (18%). This may be because training is often designed for the "lowest common denominator" (11%), which means that it covers the most fundamental concepts and is not adjusted to the skill level of the actual attending training participants. Training is also limited by lack of management support (18%), need for a variety of delivery methods (14%), and lack of noticeable return-on-investment (14%).

Future Trends Leaders predict that there will be a need for a wide variety of training (24%) that is focused on core attributes of the business (29%). Learning is likely to be viewed as lifelong and a normal part of work (12%), training will be more decentralized, such as on-line knowledge bases (18%). Training is expected to be necessary for continuous improvement (9%).

Strengths, Weaknesses, Limitations, and Future Trends for Performance Technology Leaders were less confident and consistent about the role and future of performance technology (PT).

Organizational Many leaders described performance technology as being essential (39%); there must be an integrated approach (17%) for positive return-on-investment to occur (13%). Performance technology approaches need to be linked to the organization's strategic plan and defined core competencies (9%). On the other hand, leaders caution that performance

technology is likely to be misunderstood and that since PT approaches are complex, they are not readily implemented and used (9%).

Individual Discussion regarding performance technology's value to employees contained much variation. Leaders believe that PT approaches are worthwhile for the individual (16%) and provide greater opportunities for career growth and personal change (16%). They believe learning is easier (12%) because PT-oriented learning interventions are more relevant (8%), integrated (4%), and practical (4%). Using PT techniques results in successful interventions (4%), and employees are more likely to develop and maintain employability skills (4%), especially technology-oriented skills (4%). If politics do not interfere (4%), the impact could be "phenomenal" (4%).

Limitations According to the leaders, performance technology's complexity is a substantial limitation (44%), because it is costly and results are often difficult to quantify (8%). In addition, there is a minimal performance technology knowledge base and few theoretical models and examples of successful implementation and best practice (24 %). Due to these limitations, PT needs analyses are difficult to complete and subject to human error (8%). There is political pressure in some organizations to improve learning effectiveness (4%) and, as a result, possibly to abolish training departments (4%).

Future Trends It is expected that performance technology will be a growing trend (26%), due to increasing organizational understanding of PT concepts and techniques (17%), more effective practitioners (13%), and better PT tools (9%) and metrics (13%). It is expected that funding for performance technology will increase (4%) and may be outsourced (4%). For some organizations, the possibility of increased emphasis on performance technology is great (4%) but for other organizations there is currently no future for PT (4%).

Organizational vs. Individual Responsibility for Training and Performance Improvement The leaders viewed training and performance improvement as valuable for both the organization and the employee (See Table 2.)

Organizational Leaders described training as essential for an organization's viability (26%) by developing job skills and core competencies (52%). Organizations need to provide the necessary resources (9%). While not bound by the previous concept of "social contract", many leaders believe employee development is the "right thing" to do for employees (4%). In fact, skill development is expected by *Generation* X *employees* (4%) and often mandated by Government requirements (4%).

Individual Although leaders believe organizations are responsible for providing learning opportunities, they believe strongly that employees are personally responsible for acquiring their own skills and knowledge (75%). Individuals are also responsible for their own career management (20%) and their own development plans (5%).

Table 2. Organizational and Individual Employee Responsibility

Organizational Responsibility	n	%	Individual Responsibility	n	%
Job Skills/ Core Competencies	12	52%	Skill Development	15	75%
Organization's Viability	6	26%	Career Management	4	20%
Provide Resources	2	9%	Developmental Plans	1	5%
"Social Contract"	1	4%			
Government Mandated	1	4%			
Generation X	1	4%			

Use of Learning Alternatives and to What Degree? Organizations use or encourage a variety of learning techniques in addition to training. Thus employees can acquire new skills and knowledge on an individual and/or as-needed basis and increase their learning opportunities. Skill development (See Table 3.) is supported by on-the-job training in 80% of the organizations, which allows for immediate assistance. Job-aids (70%), self-study (60%), individual readings

(60%), coaching and mentoring (60%) can empower employees to learn quickly just what is needed or wanted. In addition, the organizations often support developmental job assignments (55%) and permit employees to volunteer for growth projects or activities (45%). Career planning in a systematic manner enables employees to establish reasonable job targets and confidently develop skills (45%).

Table 3. Learning Alternatives

Learning Alternatives	%
OJT	80%
Job Aids	70%
Individual Readings	60%
Coach/Mentor	60%
Self-Study	60%
Job Assignments	55%
Career Planning	50%
Volunteering	45%
n=20	

Training Priorities and Large Training Interventions Training and performance technology leaders described large training efforts and prioritized training topics, to establish context and provide examples for class projects. Large training efforts cited covered primarily manufacturing operation, leadership and supervision issues: failure mode effect analysis (FMEA), QS 9000 (quality registration), product launch, lean manufacturing (continuous improvement of manufacturing production systems), leadership, management / supervision, brand management, and ethics. Interviewees were asked to rank their ten highest priority training topics. In all, 43 topics were identified. The twelve highest priority training topics, which closely aligned with large training efforts, were (1) teambuilding, (2) job specific / technical training, (3) leadership, (4) project / program management, (5) quality, (6) management / supervision, (7) problem solving, (8) computer software programs, (9) lean manufacturing / *Kaizen*, (10) interpersonal skills, (11) business and finance, and (12) change management. Leaders described primary training drivers as (1) strategic organizational priorities, including company mandates, (2) competition, and (3) needs assessment. In summary, operational concerns and "soft or people skills" are key issues for training solutions.

Recommendations and Implications

This research project has been helpful in clarifying the S. E. Michigan local expectations for graduates of the University of Michigan - Dearborn, School of Education, Adult Instruction and Performance Technology masters program. In addition, it surfaced a need for examples of best practice in performance technology. Although performance technology models exist (Dean & Ripley, 1997), key leaders are not able to implement the existing PT models at the present time.

In general, the findings of this study indicate that training is viewed as essential, especially if targeted, job-related, and linked closely to strategic business objectives. Training is limited by the difficulty of individualizing for specific needs and skill levels and the difficulty of transferring learning to the job. Performance technology is currently considered complex, costly, and difficult to implement due to lack of experienced practitioners, adequate models, and examples of best practice. However, performance technology is likely to increase in importance in the future as these limitations are resolved, primarily because PT better integrates performance issues with organizational needs.

Training vs. Performance Technology Currently there is greater emphases on training in the S. E. Michigan area than performance technology, although most organizations encourage

learning alternatives. It will continue to be important for AIPT graduates to be highly competent in the design, development, delivery, and evaluation of training or adult instruction, and also highly capable of designing, developing, and implementing learning alternatives. As a result, the masters curriculum has added two required courses in distance learning and multimedia development.

Although performance technology is expected to increase in importance, for the present it is viewed as complex and costly, and has minimal support in most S. E. Michigan organizations. Due to the lack of PT models and examples of best practice, performance technology interventions are difficult to implement and measure results. Students will need solid preparation in performance technology, especially facilitation and other consulting skills. This research project identified a need for PT examples, which could be helpful follow-up research.

Metrics and Business Alignment Throughout the interviews, key leaders stressed the importance of aligning any intervention (training or performance technology) with business issues and core competencies. It is also critical for practitioners to be able to provide meaningful business metrics regarding interventions. As a result, a School of Management course in finance and economics will be required for the AIPT masters program.

Job Specific vs. People-Oriented (Soft) Skills Based on the priority of training topics, it appears that there is a balance in organizational training needs. As a result, it is critical that all students are competent in design, development, and delivery of both technical and people-oriented training and performance technology interventions.

Organizational and Individual Responsibility Although some organizations in the S. E. Michigan area are moving to downsize or eliminate training, organizations associated with the automotive vehicle industry are not. This may be due to QS 9000 quality standards that require developmental plans and training. Although organizations may view training as beneficial and necessary, they are also encouraging learning alternatives, such as job aids and job assignments, as developmental learning opportunities. It is very clear that leaders believe that the responsibility for actual learning rests with the individual, not the organization. Understanding of this clear distinction will be helpful for AIPT students in internships or as practitioners in the S. E. Michigan area. It will help clarify business reasons for encouraging training and performance improvement and help define trainer / performance technologist roles and responsibilities.

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Outsourcing Training: Implications for Internal Human Resource Functions

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In the last few years, outsourcing has become an increasingly popular way for organizations to cut costs and maximize efficiency. Business literature is filled with examples of companies that outsource a variety of functions. This paper is a report of a study of the trends in and reasons for human resources outsourcing at a selection of large ($100 million+ in sales) United States companies.

The term "outsourcing" is one with many connotations. For some it connotes downsizing and layoffs; for others efficiency and market prowess; for still others expertise and business savvy. While most people use outsourcing and contracting interchangeably, for the purposes of this paper, outsourcing is defined as a long-term relationship between a company and an external organization or contractor while contracting is defined as more of a project-by-project relationship. We'll leave other connotations up to the reader.

The past few years have seen an increase in the awareness and use of outsourcing in all fields, not just human resources (HR). Business literature is filled with articles concerning all types of outsourcing, such as information systems (Arnott, N. 1995; Horwitt, E. 1996), finance (Morrall, K. 1996.), and more recently, human resources (DeRose, G. J., McLaughlin, J. 1995; Kaeter, M. 1995; Outsourcing human resource functions 1996). Some may think that outsourcing training and development functions would necessarily lead to decreased expenditures, yet, in fact, training and development expenditures have increased by some 20% over the last year (Industry report, 1996) to approximately $60 billion per year. This includes training in a broad range of subject areas from computer skills to management skills. These numbers lead us to conclude that training remains a crucial need for most organizations.

This paper reports on a study on outsourcing and contracting of the HR function within organizations. The purpose of the study was to determine the following:

- the prevalence of outsourcing and contracting HRD functions;
- the reasons for outsourcing or contracting out training;
- the decision making practices;
  and
- the implications for internal HRD functions.

Research Questions

Some of the research questions we attempted to answer were the following:

- What types of training do large companies provide for their employees?
- When are organizations most likely to consider outsourcing their training function?
- When do organizations consider contracting for training services?
- What kinds of training / HRD activities are most likely to be outsourced in organizations?
- What are the implications for the internal HRD functions?
- How can internal HRD functions contribute to the organization's bottom-line by maximizing their effectiveness?

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Methodology

We conducted telephone interviews of top Human Resource executives in 92 companies within the United States. The sample consisted of selected industries: 21% of the respondents were from Chemicals/ Plastics/ Metals/ Industrial; 14% from Petrochemical and Oil Companies; 11% from banks; 9% from Health Services and Pharmaceuticals; 7% from Insurance; 7% from Technology (Hardware and Software); 7% from Investments; and the remaining 15% from a variety of other industry sectors. The sample included companies with at least $100 million in sales. Since the sample size was small, the results should be viewed as more qualitative than quantitative in nature. Despite the small sample size, the companies included in the survey represent a large proportion of the training dollars spent by United States companies.

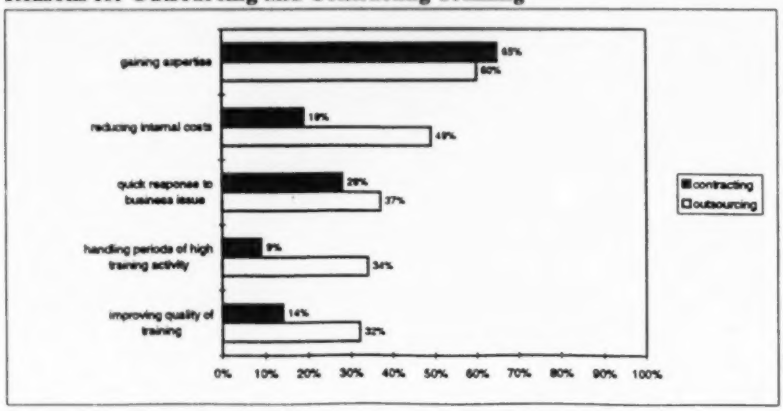
Results

The results of the study indicated that:

- Nearly all, 99%, of the companies surveyed have provided training in the past three years. Of those companies, 72% have a training department or a fully dedicated training manager.
- Approximately 40% of the organizations sampled have considered outsourcing training departments or programs.
- Of those who have outsourced training, most have had positive experiences, and indicated that outsourcing offers flexibility in providing the appropriate training plus cost and productivity advantages.
- Certain types of training are more likely to be provided in-house than others. Training considered specific to a particular company, such as organization policy and protocols, new product information, business planning, and employee/labor relations training is typically done in-house.
- The types of training that are more likely to be contracted out or outsourced are: executive consulting, executive development, and remedial education.

Reasons for Outsourcing and Contracting The major reasons given for outsourcing some of the training department's functions were to gain a particular expertise in a subject area (60%), reduce internal staff costs (49%), and to provide a quick response to a business need (37%). When contracting out for training, companies are much less likely to expect a cost savings -- what they do expect from a contractor is expertise (65%) and the ability to provide a quick response to a business need (28%). Figure 1 provides a quick comparison of the top reasons for outsourcing and contracting.

Figure 1
Reasons for Outsourcing and Contracting Training



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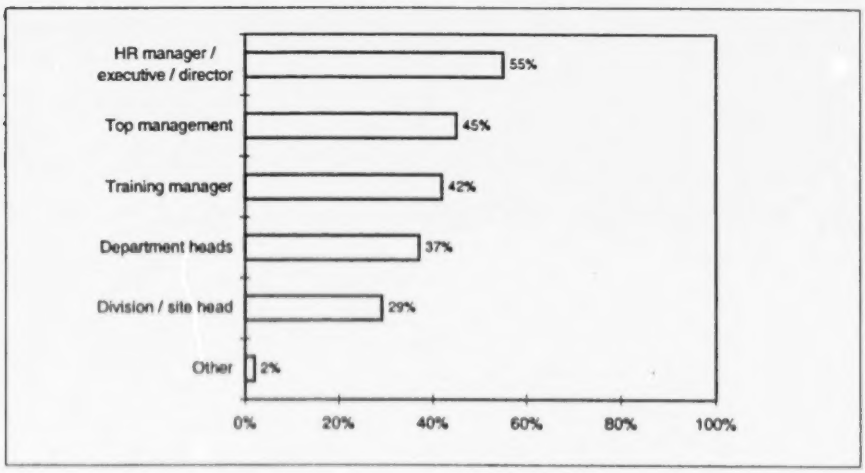
The Decision Making Process The companies we surveyed took similar steps to decide on an outside contract. What follows is a summary of the decision-making process.

- Training needs are identified at various levels.
  - » Resources are examined to see if training needs can be met internally.
- Companies develop a list of outside consultants based on previous experience with the company, recommendations, and references.
- Consultants are interviewed and asked to submit proposals.
  - » Consultants are sometimes asked to conduct a sample training or company representatives may sit in on training being provided at another site.
- The final decision is based on a variety of factors:
  - » how well the consultant meets the company's training needs;
  - » the perceived value (more important than cost) of the training;
  - » industry expertise;
  - » track record; and
  - » the consultant's ability to grasp the company's corporate culture.

Figure 2 shows those involved in the decision making process.

Figure 2
Responsible for Making Training Decisions

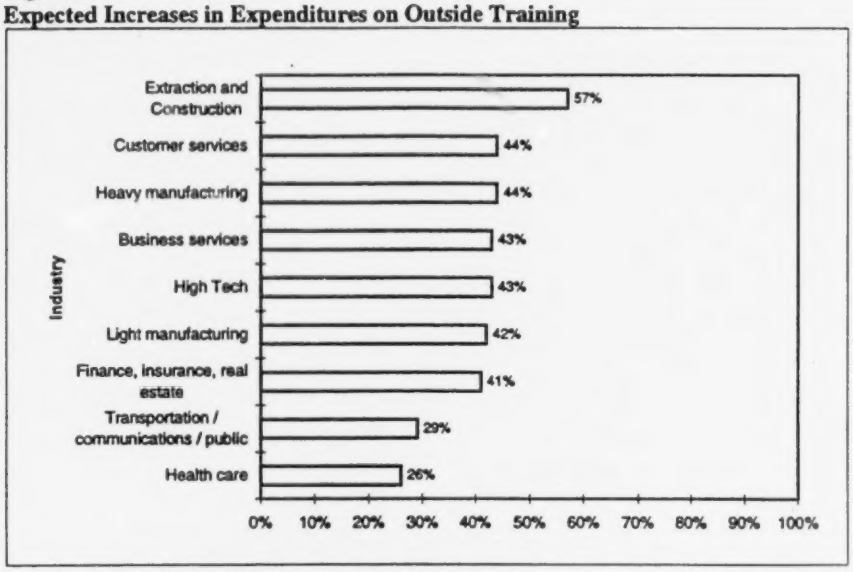


Similar Studies

Despite the small sample size of this study, our findings mirror the trends and opinions reported in much of the business literature on outsourcing and in the recent Human performance practices report published by the American Society for Training and Development (ASTD). A national survey of senior level HR professionals (Harkins, Brown, Sullivan, 1995) reports similar reasons for choosing to outsource rather than to develop expertise internally. Of the 120 respondents in the Harkins, et al. study (1995), 16% outsource over one million dollars of their training and development budget each year.

The ASTD Study (1997) shows that every industry surveyed expects to increase outside training expenditures this year. Figure 3 shows expected increases in expenditures.

Figure 3
Expected Increases in Expenditures on Outside Training



Data from ASTD, Human practices performances report, 1997

Implications for Internal HRD Functions

The implications for internal HRD functions are important. Internal HRD departments can become more engaged in the company's strategic planning by constantly assessing their own capacities, strengths, and weaknesses and by actively seeking the most effective solution to business issues whether it be outsourcing, in-sourcing, or not-sourcing. HRD departments need to optimize their own functions, rather than attempting to be all things to all people. In this way they can increase their effectiveness.

Some respondents to our survey commented that outsourcing provides them with more control over program design and strategy. Because outside contractors are chosen for their expertise, their programs seem more targeted and streamlined to many of the respondents. To address this perception of design and program control, internal HRD functions can start to think more like outsourcers: through assessment, they can become as targeted and as cost-effective as external organizations. The benefit of such an approach is that HRD functions can concentrate on the activities and training areas that they can provide well. More effort can be targeted at developing efficient and effective partnerships with internal clients and external consultants. An effective partnership can result in increased respect for the internal HR function.

Our survey indicates that HRD functions can contribute more effectively to the organizations' bottom-line by proactively examining the areas within the organization that need assistance and providing the expertise needed through a combination of outsourcing and internal expertise. HR Departments are more likely than other internal departments to have the necessary skills to identify appropriate consultants and to define and manage the projects.

Conclusion

Most of the respondents to the survey who had outsourced some of their training functions were satisfied with the results. For internal HR staff it can sometimes be frustrating to watch as an outsider gets respect for doing or saying the same things they themselves have been doing and saying. Sometimes, however, an outside voice is just what is needed to get a company to take a necessary step. Internal departments can leverage their own expertise in training, development, and personnel issues to take initiative to address company-wide outsourcing needs.

Flexibility and creativity are highly prized skills in today's business environment. HR Departments could benefit from leading their companies into productive and efficient relationships with outside consultants thus creating new turf for themselves rather than obfuscating and defending a gradually shrinking turf.

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